

Message Text

SECRET

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TO SECSTATE WASHDC IMMEDIATE 5269
INFO AMEMBASSY BANGKOK IMMEDIATE
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JCS WASHDC IMMEDIATE
CINCPAC HONOLULU HI IMMEDIATE
CINCPACFLT PEARL HARBOR HI IMMEDIATE
CINCPACAF HICKAM AFB HI IMMEDIATE
CINCPACREPPH SUBIC BAY RP IMMEDIATE
13THAF CLARK AB RP IMMEDIATE
AMEMBASSY TOKYO IMMEDIATE

S E C R E T SECTION 01 OF 03 MANILA 07272

EXDIS

MILITARY ADDRESSEES HANDLE AS SPECAT EXCLUSIVE

E.O. 11652: GDS
TAGS: MARR, ENRG, ECON, EAID, OVIP, RP (MONDALE, WALTER)
SUBJECT: VICE PRESIDENT'S MEETING WITH MARCOS MAY 3
- (STAFF IN ATTENDANCE)

REF: (A)MANILA 7196 (NOTAL), (B) STATE 30713,
- (C)MANILA 4888

(FOLLOWING ACCOUNT HAS NOT BEEN CLEARED WITH VICE
PRESIDENT'S PARTY.)

1. SUMMARY. FOLLOWING 90-MINUTE PRIVATE MEETING BETWEEN
VICE PRESIDENT AND PRESIDENT MARCOS, BROADER SESSION
INVOLVING PRINCIPAL ADVISERS ON BOTH SIDES WAS CONVENED.

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IN 80-MINUTE WORKING SESSION INVOLVING THIS LARGER GROUP,
DISCUSSION FOCUSED ON BASE NEGOTIATIONS AND ECONOMIC
ISSUES. ON BASE NEGOTIATIONS, FOCUS WAS ON ISSUE OF
SOVEREIGNTY WITH SHARED RECOGNITION THAT PHILIPPINE
SOVEREIGNTY AT THE BASES SHOULD BE MANIFESTED AND THAT
APPROPRIATE ARRANGEMENTS SHOULD BE MADE FOR U.S. COMMAND
AND CONTROL IN THE AREAS REQUIRED BY THE U.S. MARCOS

SUGGESTED, AND THE VICE PRESIDENT AGREED, THAT A JOINT STATEMENT INDICATING PUBLICLY THE PROGRESS WHICH HAS BEEN MADE IN NEGOTIATIONS WOULD BE DESIRABLE. (SEE REF A) IT WAS AGREED THAT DISCUSSIONS (PRIMARILY MILITARY TO MILITARY) SHOULD NOW PROCEED TO WORK OUT THE DETAILS ON HOW AGREED PRINCIPLES MIGHT BE APPLIED. MARCOS SAID THAT THE GOP WOULD SUBMIT COUNTERPROPOSALS TO THOSE PREVIOUSLY SUBMITTED BY THE U.S., INCLUDING COMPENSATION. MARCOS SAID THAT THE QUESTION OF COMPENSATION SHOULD BE SET ASIDE FOR LATER. DESCRIBING CRIMINAL JURISDICTION AS ONE OF THE THORNIEST PROBLEMS, MARCOS INITIALLY EXPRESSED INTEREST IN THE JAPANESE FORMULA BUT SEEMED TO LOSE ENTHUSIASM UPON LEARNING OF THE SIDE MINUTE TO THE JAPANESE SOFA WHICH BRINGS THE JOINT COMMITTEE INTO THE PICTURE. THE VICE PRESIDENT SAID THIS DIFFICULT AND EMOTIONAL ISSUE SHOULD BE PURSUED BY THE EXPERTS. MARCOS MADE A PITCH FOR ECONOMIC AND SOCIAL HELP FOR THE AREAS AROUND THE BASES, PROMISING SPECIFIC PROPOSALS FROM THE GOP, PERHAPS IN A WEEK. THE VICE PRESIDENT SAID HE WOULD WELCOME THESE PROPOSALS AND REITERATED THAT THE U.S. DOES WANT TO HELP. CONTRARY TO EARLIER INDICATIONS, MARCOS DID NOT TAKE UP THE ECONOMIC ISSUES FIRST, NOR DID HE LINK THEM WITH THE BASE QUESTION. HE ENUMERATED THE ECONOMIC ISSUES IN A PERFUNCTORY MANNER--PHILIPPINE MAHOGANY, COCONUT OIL, TEXTILE AGREEMENT, AND THE COUNTERVAILING DUTY ON GARMENTS. HE ACCEPTED READILY
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THE VICE PRESIDENT'S RESPONSES WITHOUT SEEKING FURTHER CONCESSIONS OR EXPLANATIONS, AND HE OFTEN APPEARED TOTALLY DISINTERESTED IN THE SUBJECT. END SUMMARY.

2. OPENING. THE VICE PRESIDENT THANKED PRESIDENT MARCOS FOR MAKING THE MEETING POSSIBLE, REFERRING TO SENTIMENTS EXPRESSED BY PRESIDENT CARTER IN A LETTER EARLIER CONVEYED BY THE VICE PRESIDENT. MARCOS EXPRESSED THANKS FOR THE LETTER FROM PRESIDENT CARTER AND THE KIND THOUGHTS IT CONVEYED. HE NOTED PRESIDENT CARTER'S EXPRESSED DESIRE TO REVIEW BASE NEGOTIATIONS, ECONOMIC ISSUES AND HUMAN RIGHTS, SUGGESTING THAT THIS WOULD BE AN APPROPRIATE AGENDA (HUMAN RIGHTS WAS NOT DISCUSSED AT THIS MEETING). PRESENT ON THE PHILIPPINE SIDE WERE FOREIGN SECRETARY ROMULO, DEFENSE SECRETARY ENRILE, JUSTICE SECRETARY ABAD SANTOS, DIRECTOR OF NATIONAL DEVELOPMENT SICAT, TRADE SECRETARY QUIAZON, INDUSTRY SECRETARY PATERNO, LABOR SECRETARY OPLE, INFORMATION SECRETARY TATAD, SOLICITOR GENERAL MENDOZA, AFP CHIEF OF STAFF GENERAL ESPINO, PRESIDENTIAL ASSISTANT TUVERA, UNDERSECRETARY OF FOREIGN AFFAIRS COLLANTES, FORMER VICE PRESIDENT PELAEZ, AND A NUMBER OF SECOND

ECHELON STAFF. PRESENT ON THE U.S. SIDE WERE MEMBERS OF THE OFFICIAL PARTY PLUS CHARGE STULL AND EMBASSY OFFICIALS.

3. BASE NEGOTIATIONS.

- A. SOVEREIGNTY. MARCOS SAID THAT THE GOP IS PREPARING A COUNTERPROPOSAL TO THE PROPOSALS PREVIOUSLY SUBMITTED BY THE U.S., INCLUDING THE COMPENSATION PACKAGE. MARCOS, ASSISTED BY ENRILE, THEN SET OUT TO REVIEW THE PHILIPPINE POSITION ON CERTAIN OF THE RECENT PROPOSALS CONCERNING THE "ISSUES OF SOVEREIGNTY."

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MARCOS EXPRESSED AGREEMENT THAT THE U.S. SHOULD RETAIN CONTROL OF THE "BUILT UP" AREAS AT CLARK (4,500 HECTARES) AND SUBIC (6,000 HECTARES). HE SAID, HOWEVER, THAT THERE ARE SOME PROBLEMS IN SEVERAL OF THE U.S. PROPOSALS. IN A SOMEWHAT DISJOINTED FASHION, ENRILE WENT ON TO CITE THE FOLLOWING:

- 1) SUBIC WATERS. "WE ARE TAKING OVER THE ENTIRE AREA (BAY) BUT WE WILL PROVIDE ASSURANCES THAT A CERTAIN

PORTION WILL BE AVAILABLE TO THE U.S."

- 2) GRANDE ISLAND. "WE WILL TAKE OVER BUT THE FACILITIES WILL BE RUN BY THE U.S."

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- 3) WATERSHED. "WE PROPOSED THAT THE WATERSHED BE REVERTED BUT THAT THERE BE A JOINT MANAGEMENT PLAN."

- 4) OTHER AREAS. WITHOUT BEING SPECIFIC, ENRILE SUGGESTED THAT THE GOP HAS PROBLEMS WITH THE U.S. PROPOSAL ON THE STATE DEPARTMENT REGIONAL RELAY FACILITY AT CLARK AND PERHAPS WITH THE PROPOSED DELINEATION FOR SAN MIGUEL. HE EXPLICITLY CITED AS A PROBLEM THE PROPOSAL TO BREAK OUT OF THE WALLACE RESERVATION THE VOA SITE. HE ALSO SAID "THERE IS ALSO THE QUESTION OF CAMP JOHN HAY--A R&R FACILITY."

ASSISTANT SECRETARY HOLBROOKE NOTED THE PROGRESS THAT HAS BEEN MADE IN THE DISCUSSIONS SINCE LAST YEAR SUGGESTING THAT THERE IS NOW A NEED TO DETERMINE HOW BEST TO CONTINUE THIS PROCESS.

- MARCOS SAID THAT THE FUNDAMENTAL ISSUE OF SOVEREIGNTY HAS BEEN LARGELY SETTLED BY THE U.S. PROPOSALS. HE OBSERVED THAT WHAT IS NEEDED NOW IS TO SPELL OUT THE MANIFESTATIONS OF SOVEREIGNTY. MARCOS CITED, FOR EXAMPLE, THE RULES AND REGULATIONS REQUIRED FOR THE PHILIPPINE AND U.S. COMMANDERS. THE VICE PRESIDENT AGREED THAT THERE IS AGREEMENT IN PRINCIPLE TO HAVE A PHILIPPINE BASE COMMANDER AND TO FLY THE PHILIPPINE FLAG, NOTING THAT THERE IS ALSO THE REQUIREMENT TO HAVE CLEARLY DEFINED OPERATIONAL ARRANGEMENTS. HE SUGGESTED THAT TALKS PROCEED ON A MILITARY TO MILITARY BASIS TO SETTLE THE DETAILS. MARCOS SAID THE GOP AGREES WITH THE PROPOSAL SUBMITTED BY THE U.S. ON FEBRUARY 13 REGARDING SOVEREIGNTY. HE THEN READ SUBPARAGRAPHS A, B, C, D, AND H FROM THE DRAFT NOTE SUBMITTED ON THAT DATE (REF B). THE VICE PRESIDENT SUGGESTED THAT THE PHILIPPINE AND U.S. COMMANDERS

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MEET AND WORK OUT THE DETAILS OF MELDING THE TWO PRINCIPLES OF PHILIPPINE SOVEREIGNTY AND UNHAMPERED U.S. COMMAND AND CONTROL. HE INDICATED THAT WHEN THE DETAILS ARE WORKED OUT AT THE MILITARY LEVEL, THEY CAN

BE SUBMITTED TO THE DIPLOMATIC LEVEL.

- B. COMPENSATION. THE VICE PRESIDENT REFERRED TO THE "DIFFICULT ISSUE OF COMPENSATION." HE NOTED THAT THERE HAVE BEEN SERIOUS PROBLEMS ON AMOUNTS. HE WENT ON TO REVIEW THE RECORD OF CONGRESSIONAL OPPOSITION TO MULTI-YEAR COMMITMENTS, NOTING THAT THE AGREEMENT WITH TURKEY HAD BEEN ABANDONED BECAUSE OF THIS PROBLEM. THE VICE PRESIDENT INDICATED U.S. WILLINGNESS TO COMMIT ITSELF TO A "BEST FAITH EFFORT." MARCOS SUGGESTED THAT COMPENSATION BE SET ASIDE FOR DISCUSSION AT A LATER DATE.

- C. CRIMINAL JURISDICTION. MARCOS READ THE GOP POSITION ON CRIMINAL JURISDICTION AS FORMULATED IN ITS AIDE MEMOIRE OF MARCH 28 (REF C). STATING THAT THIS IS ONE OF THE THORNIEST UNRESOLVED ISSUES, MARCOS SAID THAT THE GOP PROPOSAL FOLLOWS THE SO-CALLED JAPANESE FORMULA. SOLICITOR GENERAL MENDOZA THEN READ THE AGREED MINUTE TO ARTICLE XVII, PARA 3(2)(II) OF THE JAPANESE SOFA. ABRAMOWITZ POINTED OUT THAT THERE IS AN ADDITIONAL SIDE MINUTE WHICH PROVIDES THAT ANY EVIDENCE TO THE CONTRARY MUST BE SUBMITTED TO AND APPROVED BY BOTH MEMBERS OF A JOINT COMMITTEE. MARCOS SAID HE HAD NOT BEEN AWARE OF THIS SIDE MINUTE. THE VICE PRESIDENT SAID THAT THE ISSUE OF CRIMINAL JURISDICTION IS A DIFFICULT AND EMOTIONAL ONE FOR BOTH SIDES, REFERRING TO THE "GIRARD" CASE SOME YEARS AGO IN JAPAN. THE VICE PRESIDENT SUGGESTED THAT THE LEGAL EXPERTS SIT

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DOWN AND WORK ON THE PROBLEM.

- D. ASSISTANCE FOR OLONGAPO AND ANGELES. MARCOS REFERRED TO THE NEED FOR PROVIDING HELP FOR THE AREAS AROUND THE BASES, SPECIFICALLY ANGELES AND OLONGAPO CITIES. MARCOS SAID THAT THE GOP SECRETARIES OF AGRICULTURE, INDUSTRY AND LABOR ARE DEVELOPING PROPOSALS WHICH MAY BE SUBMITTED IN A WEEK. MARCOS CONFIRMED THAT THE HELP IS NEEDED FOR THE AREAS OUTSIDE THE BASES, NOT WITHIN. HOWEVER, HE DID NOTE THAT HE HAS A RECOMMENDATION FROM HIS DEPARTMENT OF LABOR THAT SOME JOBS WITHIN THE BASES BE RESTRUCTURED. IT WAS AGREED THAT A DRAFTING GROUP COMPOSED OF ENRILE, ROMUALDEZ, MENDOZA, HOLBROOKE, ABRAMOWITZ AND ARMACOST WOULD MEET LATER IN THE DAY
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TO DEVELOP A JOINT STATEMENT ON NEGOTIATIONS --
A STATEMENT SUBSEQUENTLY RELEASED ON OUR SIDE EARLY MAY 4 (REF A) AND ON THE PHILIPPINE SIDE ABOUT 12 HOURS LATER.

4. ECONOMIC ISSUES.

- A. CONTRARY TO EARLIER INDICATIONS MARCOS DID NOT TAKE UP ECONOMIC ISSUES FIRST, NOR DID HE LINK THE ECONOMIC ISSUES WITH THE BASE QUESTION. HE OPENED THE DISCUSSION ON ECONOMIC ISSUES BY REFERRING TO AN AIDE MEMOIRE AND STATING THAT THE ISSUES ARE WELL KNOWN. HE LISTED THEM--PHILIPPINE MAHOGANY AND COCONUT OIL, THE BILATERAL TEXTILE AGREEMENT, AND THE COUNTERVAILING DUTY ON GARMENTS. HE DOUBTED THAT TIME WOULD PERMIT A DISCUSSION OF THE AIR AGREEMENT.

- B. THE VICE PRESIDENT TOLD MARCOS THAT OUR OFFER ON COCONUT OIL FOR ZERO DUTY HAS BEEN REINSTATED BUT THAT THE MOST WE CAN GO ON MAHOGANY PLYWOOD UNDER THE TRADE ACT IS FROM 20 PERCENT TO 8 PERCENT. HE STRESSED THAT WE NEED GOP COUNTER-OFFERS TO SUSTAIN OUR GENEROUS OFFER INVOLVING OVER 300 MILLION DOLLARS OF PHILIPPINE EXPORTS, TO WHICH PRESIDENT SAID GOP CAN OFFER 81 ITEMS. (THIS IS OFFER TABLED APRIL 27 AND FOUND WANTING BY USDEL MTN.)

- C. THE VICE PRESIDENT ASSURED MARCOS OF OUR UNDER-
STANDING OF PHILIPPINE SITUATION REGARDING COUNTERVAIL-
ING DUTY INVESTIGATION ON GARMENTS, TO WHICH ROMULO
COULD NOT RESIST READING HIS AIDE MEMOIRE (SEE MANILA
4739). HE REITERATED THAT U.S. WILL BE PREPARED TO
NEGOTIATE NEW TEXTILE AGREEMENT THE THIRD WEEK IN MAY.

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- D. OFFER TO SEND DOE ENERGY TEAM TO PHILIPPINES
WAS ACCEPTED IMMEDIATELY BY MARCOS WHO EXPRESSED HOPE
THAT SECRETARY OF ENERGY VELASCO COULD MEET WITH
SECRETARY SCHLESINGER (WHICH WAS SUBSEQUENTLY ARRANGED
BY VICE PRESIDENT). GOP OFFICIALS PRESENT APPRECIATED
USE OF LANDSAT FACILITIES AND PROMISED TO SEND MEMO TO
THE VICE PRESIDENT ON THEIR UTILITY.

- E. MARCOS EMPHASIZED THAT GOP HAD COMPLIED WITH
AMERICAN DESIRES ON THE TERMINATION OF THE LAUREL-
LANGLEY AGREEMENT, AND READ LENGTHY LITANY OF GOP
ACTION ON LAND, LEASES, RETAIL TRADE, ANTI-DUMMY
RULING, AND SERVICE CONTRACTS. THESE GOP ACTS MET
AMERICAN DESIRES, AND HE WANTED VP AND USG TO KNOW
ABOUT IT. COMMENT. ALTHOUGH MARCOS MADE NO DIRECT
LINKAGE BETWEEN GOP ACTION AND USG ACTION OR INACTION,
THERE WAS STRONG IMPLICATION THAT ONLY ONE SIDE (GOP)
HAD MET DESIRES OF OTHER SIDE (U.S.).

- F. ON ASEAN, THE VICE PRESIDENT EXPRESSED HOPE THAT
US/ASEAN MEETING IN AUGUST BE ON MINISTERIAL LEVEL.
ROMULO SAID THAT QUESTION WIL BE DISCUSSED IN ASEAN
FOREIGN MINISTERIAL IN JUNE AND THAILAND HAD SERIOUS
RESERVATIONS BECAUSE OF ITS NEIGHBORS (VIETNAM AND
CAMBODIA). ROMULO ADDED THAT THE VP CAN PERSUADE
UPADIT TO COME ALONG, BUT STRESSED THAT WASHINGTON
MEETING MUST SHOW RESULTS.

- G. COMMENT. MARCOS HANDLED THE ECONOMIC ISSUES IN
A MATTER-OF-FACT, SOMETIMES DISINTERESTED MANNER, AND
ACCEPTED READILY THE VICE PRESIDENT'S RESPONSES WITHOUT
SEEKING FURTHER CONCESSIONS. STULL

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